TENNESSEE GENERAL ASSEMBLY FISCAL REVIEW COMMITTEE



CORRECTED FISCAL MEMORANDUM

SB 138 – HB 88

March 6, 2017

SUMMARY OF ORIGINAL BILL: Requires certain municipal utility board commissioners to attend a minimum number of hours of training and continuing education each term. Authorizes the Water and Wastewater Financing Board (WWFB) to order sanctions against a municipality whose utility board commissioners fail to meet the training requirements.

CORRECTED FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures – Exceeds \$10,000/Recurring

Increase Local Expenditures - \$50,000/Permissive

Other Fiscal Impact – Due to multiple unknown factors, any impact to local government resulting from sanctions imposed by the WWFB cannot reasonably be determined.

CORRECTED IMPACT TO COMMERCE OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (004114): Deletes and replaces language in the bill to broaden the scope of municipal utility board commissioners who will be required to attend the minimum number of hours of training each term, with no other substantive changes made to the original language.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Based on updated information provided by the Comptroller of the Treasury (COT) on March 6, 2017, this fiscal memo is being corrected to accurately show the estimated fiscal impact of the original bill.

Unchanged from the corrected fiscal note.

Assumptions for the bill as amended:

- The proposed amendatory language is applicable to commissioners of municipal utility systems that supervise, control, or operate a public water or public sewer system, including those systems using a separate utility board pursuant to any public or private act.
- Commissioners will be required to attend a total of 24 hours of training and continuing education every four years: 12 hours during the first year of their term and 12 hours over the course of the succeeding three years.
- While it is unknown how many boards will be impacted, it is reasonably estimated that 200 boards with five commissioners per board, or 1,000 commissioners (200 boards x 5 commissioners), will be required to attend training.
- Commissioners' terms are staggered, with one commissioner on the board beginning their term every year.
- Any entity wishing to provide training to the commissioners must submit a copy of the proposed curriculum to the Comptroller of the Treasury (COT) for approval.

Estimated Costs to Local Governments:

- The Tennessee Association of Utility Districts (TAUD) currently provides training to utility districts at a rate of \$100 per person per year. It is reasonable to assume that TAUD and similar organizations will be approved by the COT to provide training to municipal utility boards and that training for municipal utility board commissioners will be comparable in cost to training currently provided to utility district members.
- Approximately 50 percent of municipal utility board commissioners will attend the required training through an entity such as TAUD, but will elect to do so in lieu of training provided by the COT.
- The required training will result in a permissive recurring increase in local expenditures of \$50,000 [(200 boards x 5 commissioners x 50.0%) x \$100 per commissioner]. Any revenue received by TAUD or other similar organizations will be expended for the provision of training; therefore, any budgetary impacts to these entities is considered not significant.
- The WWFB will be authorized to order sanctions against any board whose commissioners have failed to meet the training requirements.
- Due to multiple unknown factors such as, how many boards will have commissioners who will not meet the training requirements, if the WWFB will authorize the use of sanctions against the municipality, and the extent of any such sanctions, a precise impact to local government cannot reasonably be determined.

Estimated Costs to the Comptroller of the Treasury:

- The COT will provide training to the municipal utility board commissioners in conjunction with training provided by entities whose curriculums have been approved.
- The COT will also provide training not held in conjunction with other entities at no cost to municipal utility board commissioners.
- The COT will not require any additional staff to provide training.
- It is assumed the COT will provide training to the 50 percent of commissioners that do not attend training provided by TAUD or similar organizations.

• It is assumed any costs incurred by the COT to provide the training will exceed \$10,000 [(200 boards x 5 commissioners x 50.0%) x \$20 per commissioner].

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

Unchanged from the corrected fiscal note.

Assumptions for the bill as amended:

- The proposed language is only applicable to local government utility board commissioners; utility board commissioners of private utilities will not be required to attend the training.
- Any revenue received by private entities for the purpose of training will be expended for the provision of services related to training. Any net impact to commerce is not expected to be significant.
- Any impact to jobs in Tennessee is considered not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

Krista M. Lee, Executive Director

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